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2004: EGPRS Started?

by Vladimir Golovatiuk

It was 1999 – the lowest point of GDP and population incomes downfall – when the Moldovan Government (as IMF and WB advised) began to think of the necessity of a Poverty Reduction Strategy for the first time. Later, the Government approved Preliminary Poverty Reduction Strategy twice (under D. Bragis, Dec. 2000 and V. Tarlev, Apr. 2001). But since it is not possible to overcome poverty without an economic growth, the next 3 years were spent to elaborate Economic Growth and Poverty Reduction Strategy (2004-2006). The Government approved it in June 2004; IMF and WB agreed upon it in autumn and the Moldovan Parliament has finally validated as a law it in December 2004. Clause 3 of that law charges the Government with the following:

> "to bring programmes of economic and social development and action plans in correspondence with the goals, priorities and tasks stipulated by the Strategy within a monthly (!) period of the date the current law comes into effect;to present yearly reports on realization of the Strategy to the Parliament"[1].

Thus, independently of the fact whether the Government presents such a report or not on realization of the Strategy in 2004, everyone can justifiably consider that year to be the start of the "new economic policy". The more so since it has already been March 2004 when the President V. Voronin pointed out that "EGPRS has to become the main socio-economic document of the country, therefore all actions under fiscal, monetary, social policies has to fully correspond to the Strategy".

Under the totals of 2004, Department of Statistics and Sociology presented – quite traditionally – information on the dynamics of GDP, industrial and agricultural sectors, on investments and foreign-economic activity, inflation, wages, etc. Can one judge on the economic policy innovations based on this data? Our opinion is that one can, although it can be hard: the statistical data is contradictory.

Thus, in 2004 GDP was MDL32 billion ($2,6 billion), having increased by 7.3%. Let us note that GDP forecast has repeatedly changed over the year's course from 5% to 8-10%. Industrial output increased by 6.9% (while the CIS average is 7%). Agricultural output (in comparable prices) increased by 20.4%, but as compared to the unsuccessful previous year (-8% in 2003). Investments grew by 8%, which is not much more than in 2003 (7%). Export of Moldovan goods increased by 24.8%, but despite this trade balance deficit did not decrease, but on the contrary increased by 28.6% and reached $787,9 mil. And further increase of import by 26.5% is the cause of this.

One of the most difficult problems of 2004 – in conditions of growing population incomes – was to restrain inflation growth. The reference point was 10%, but inflation actually made up 12.5% (15.7% in 2003). It could be considered a success, taking into account the fact that the NBM purchased circa $280 mil (in dollar terms) from commercial banks in 2004, having issued into circulation more than MDL 3.4 billion, which is 40% of the total monetary aggregates, or 60% of lei monetary aggregates as of 2004. Throw-in of lei liquidity in such considerable volumes provoked intensification of inflation processes. Thanks to the sterilizing actions, the NBM succeeded in avoiding that, in 2004 anyway.

In the meantime, paradoxical situation has been developing. On the one hand, to conduct structural changes in the country's economy and make its growth more sustainable the business acutely requires credit resources. And the banking system, on the other, disposes of financial resources that are not used. Yield rate of T-bills placed by the Ministry of Finance dropped from 19.7% in November 2003 to 14.9% in April 2004 and, further on, down to 8% at the end of the year. In January 2005 it stopped at 6.8% and dropped to 2.3% at the auction of February 15, current year. One can get an impression that the "communicating vessels" are disconnected: credit and deposit markets, as well as lei and currency ones function detached from one another and there is no connection between them. And this is not inherent in the market. But if one presumes that market participants – banks in this case – understand that directive methods and administration are still alive in the country's economy, including banking system, they will not hurry to place available resources in credits, but will rather invest them in liquid T-bills that – in case of necessity – can be easily sold and banks will be able to execute just another administrative directive to credit a specific sector of the economy or a project.

Traditionally, the NBM remains to be the strongest player in Moldova's market economy. But its maneuvers have also specific problems. In 2004 monetary aggregates increased from MDL 8.5 billion up to MDL 11.7 billion, or by 37.7%, while ready money volumes increased from MDL 2.7 billion up to MDL 3.4 billion, or by 35%. The economy's monetization rate that characterizes economy's supply with money grew from 31% in 2003 to 36.6% in 2004.

But relations of the business with banks are not unclouded. Resource base of banks grows, while crediting of the economy is less active. The total deposits increased by MDL 2.3 billion, while the crediting increased by MDL 1.4 billion. While volume of credits issued by commercial banks in MDL grows (25.2%), attracted lei deposits grew by 54%, including term deposits – by 75%. And, if in 2003 banks had problems concerning the lei liquidity, in 2004 they – on the contrary – accumulated excessive liquidity and the problem of efficient utilization of available resources became acute.

On the surface, general impression about the totals of 2004 is optimistic. Indeed, for the fifth year running GDP growth continued, export increased considerably, investments extended; in the conditions of the huge inflow of currency to the country it was possible to restrain inflation and provide for the growth of real incomes of the population. Moreover, monetary aggregates increase resulted in the increase of the economy's monetization rate and volumes of crediting. Finally, NBM's currency reserves grew by more than 55%, having made up $470.2 million, $126 million of which are credits obtained from IMF.

But it is symptomatic that the President of the country has been insistently emphasizing over the year's course the necessity to provide for a new quality of growth, thus making clear his dissatisfaction with the results achieved. And there are grounds for that indeed.

The key indicator – GDP – grew by 7.3%, or MDL 4.4 billion. MDL 3.9 billion of them (88%) was ensured by the growth of households' final consumption, which, in its turn, was conditioned by the growth of the available income of the population. Thus, according to the statistics, average monthly available income per one person in Q3 of 2004 – as compared to Q3 of 2003 – increased by 14.5%. At that, "other incomes" within the available income increased by 59.4%. Due to this component ("other incomes") formed mainly of workers' remittances from abroad, 78% of the available income growth was provided and the increase of final consumption, and based on this – GDP growth. The IMF mission has also acknowledged this in October 2004: "the economic growth was mainly conditioned by the consumption increase that is due to the monetary inflow from abroad".

The Government basically agrees with this, having mentioned in EGPRS: "the economic growth that could be observed recently was mainly based on the labor force export. Incomes from the citizens working abroad stimulate internal consumption growth… We are to realize the transition from the model of growth based on the inflow of labor migrants' incomes and consumption towards the model of balanced growth".

One should not though oversimplify the situation. Our opinion is that the fact per se that the main GDP growth is due to the final consumption growth is not a negative indicator of economic growth. Our goal is to build up a socially-oriented economy and only that model of economic growth that contributes to the growth of welfare of our citizens is acceptable. The point as we see it is different.

On the one hand, monetary remittances received by Moldova's inhabitants from their relatives working abroad lead to the increase of demand for consumer goods and services. The total volume of currency transferred to the country in 2004 is estimated at $1 billion. It is practically equal to 70% of the country's industrial output, about 100% of agricultural output, about 70% of the total retail trade, including unorganized trade and it is 9(!) times more than the total trade stock.

It is obvious that capacities of Moldova's economy as regards volume, structure and quality of goods and services do not fully allow satisfy this increased consumer demand. Today's realities are such that huge inflow of currency to the country invariantly causes growth of import. A rather high correlation between the currency inflow increase and the import growth can be observed. Thus, in 2004 currency inflow raised by $300-400 million and import increased by $370 million. Hence, the consumer demand based on the currency transfers from abroad transforms into the demand for import.

In this connection, some experts' assertion seems incorrect that "the major part of these funds is used to pay off trade balance deficit". They interpret the trade balance as being primary, while the currency inflow from abroad, which forms the demand for import, just defrays the resultant gap. In reality, it is the monetary aggregates transferred from abroad and not unused by the domestic economy that form demand for import and, therefore, conditions on it. Importers forecast solvent demand and direct their steps where there is such demand and it is growing. And this is good. What would inflation and prices in Moldova be if import had not increased over the last 6 years by $700 million?

Economic growth in Moldova is linked to consumption and some experts perceive signs of instability in that, having in view unreliability and insufficient predictability of this factor of growth. Although admitting that the economic model based on the inflow of labor incomes of Moldovan citizens from abroad does not contribute to sustainable growth in the true sense of the word, our opinion, nonetheless, is that the fact of the matter lies in the different dimension.

If we just extrapolate the current tendency, we can come to a conclusion that Moldova's economy will acquire characteristics of a subsistence economy – becoming a "large canteen" where all dishes are imported or, at least, imported in form of semi-product. It is obvious that it is a dead-end track for the country. Growth of final consumption due to the import increase without the corresponding changes in the economy and growth of export leads to growth of the trade balance deficit, which, in its turn, *diminishes* GDP formed in the country's economy.

It turns out that, on the one hand, final consumption favors GDP growth and, on the other – through the increase of import and, consequently, trade deficit – diminishes its volume. Over the period since 2000 trade balance red ink averages at 28%, and over the last two years – 1/3 of GDP practically. Thus, it is this value, by which the excess of import over export diminishes GDP formed in the Moldovan economy.

Prima facie, a paradoxical situation is developing. Moldovan citizens working abroad participate in formation of other countries' GDP, but – sending money to their relatives in Moldova – also thereby diminish Moldovan GDP.

This implies that the problem does not lie in the currency inflow per se, but in the scanty internal production, in slow reformation and restructuring of the Moldovan economy, in the monostructural character of the country's export and the lack of investments.

It would be naïve though to think that it is easy to transform the currency remitted to Moldova into investments. It has already been the beginning of 2004 when M. Lupu, Minister of Economy correctly observed that even if Moldova receives over the current year "$1 billion from Moldovan gastarbeiters – this is not the factor that will determine investments volume to the economy".

In Russia that also has currency inflows the situation is similar to the Moldovan one but only in its form, while the essence is different. There, increasing currency inflows to the country relate to the favorable world oil market situation and several tens Russian companies-exporters are beneficiaries-recipients of currency. The Russian Government created a stabilizing fund that accumulates currency from oil sale at the price higher than specific level and such excessive money supply can not affect negatively either inflation, or trade balance in the country.

The situation in Moldova is different: thousands of families are recipients of the money from abroad. Of course, $1 billion is an impressive amount. But taking into account the fact that, first, about 300 thou families are its recipients, then there is less than $200-300 a month on average for each of them and, second, this money are of utilitarian nature (for food, medical treatment, education, purchase of dwelling, etc.), then, it becomes evident that it is not an investment resource.

As it is known from macroeconomic theory and practice, it is absolutely not important how and through which channels the money got to the country's economy. The main thing is that the money is here. Once used for purchase of goods and services, they will then – through different mechanisms of capital mobility – settle and start working in the sector, for whose development the state created the most favorable conditions.

That is why, the main problem in Moldova now is to improve relations between the state and the business, to recognize the leading role of the private sector in the economy's revival and employment expansion and the state's responsibility – in improvement of the quality of governance, creation of a comfortable legal environment for both the business and the population, an efficient judiciary system, social infrastructure and social assistance on needs.

The Economic Growth and Poverty Reduction Strategy (2004-2006) has denoted all these reference points. The main thing now is to proceed from rhetoric to actions. And this is what is principal for the new Government.

[1] Monitorul Oficial al RM, #5-12, 14.01.05, p.18

The Moldovan Business' Social Responsibility

by Mariana Argint

Moldovan business community has been only forming: it is 15 years old – a juvenile age. And, despite the fact that private sector dominates the economy (70% of GDP and 93% of all economic units in 2004), Moldovan business has not become fully established yet as regards either its relations with the government, or with the population, including political parties, trade unions and civil society institutes.

There is, though, the trilateral Commission "Government – patronage – trade unions", associations of commodity producers, small business associations, etc. There are "The Best Businessman" and "The Best Taxpayer" awards, but the initiative and leadership in these actions belongs to the authorities. That is why, maybe, the country's business environment is far from comfortable, and the Government has been constantly declaring its aspiration to change the situation for the better: since the mid-90's it issued 3 (!) state programmes on small and medium business support, decided to simplify the registration of economic units, reduce number of controls, curtail tax burden and curb corruption.

These efforts have yielded no success yet, and that is why the EU-Moldova Action Plan identified as one of its reference points: ***"Creation of a business environment corresponding to the society's needs"***. The Government alone cannot perform this task. And thus, acknowledging the fact that the private sector has become the Moldovan economy's driving force de facto, the society has a right to address the business' social responsibility.

One should judge on a company's (or a businessman's) dignity and prosperity not only based on production showing (as now, when awarding the "Businessman of the Year" title), but on their moral principles: labor standards compliance, ecologically-compatible technologies, anti-corruption, as well as charity and sponsorship. Not for political parties and state bodies, but rather for the population in such areas as education, healthcare and youth protection.

Ethics of the Moldovan business is only in the making. Ethics, honest business during "the transition to the capitalism" are considered by many entrepreneurs to be something secondary, devoid of real sense, as a sign of weakness and failure. That is why, maybe, no less than 1/3 of businesses is in the shadow economy and only 6.2% out of 400 thou registered enterprises present activity reports to the Department of Statistics and Sociology. Bribes are a usual means to overcome "lack of attention" of state bodies towards the business. Penalties have become a planned (!) income item of the state budget: more than MDL 80 million in the budget for 2005, i.e. the same amount that the NBM is expected to transfer to the budget from its revenues.

The Moldovan business neither showed much enthusiasm for the proposal of UNDP-Moldova (November 2004) to join the UNO's worldwide action, ***"Global Compact"***, whose goal is to link economic growth with human development. Economic units (companies, enterprises, etc.) that declare about joining the Global Compact undertake to observe 10 principles of corporate social responsibility: in human rights, labor conditions and remuneration, anti-corruption and ecology.

By Signing on the Global Compact, Business Commits to:

Human rights:

- Principle 1: Businesses should support and respect the protection of international human rights within their sphere of influence; and
- Principle 2: make sure they are not complicit in human rights abuses.
- Labor Standards:
- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labor;
- Principle 5: the effective abolition of child labor; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.
- Environment:
- Principle 7: Businesses should support a precautionary approach to environmental challenges;

- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption:

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

For the time being, it was mainly foreign companies working in the country (Union Fenosa, Voxtel, QBE ASITO) that responded to the call of UNDP-Moldova. In the meantime, companies from most countries of the world have already joined the Global Compact. The UN intends to evaluate results of its initiative in June 2005.

The Moldovan business is still lost in thought. And it seems that the population does not even expect a business "with a humane face" to appear. In the conditions when the society is polarized into the "new rich" and the "new poor", many associate the image of an entrepreneur with cynicism, deceit, disregard of plain people's needs and social justice. And it is harmful for a country, whose Constitution (1994) proclaims creation of a socially-oriented market economy.

The Republic of Moldova is now getting out of the transformation crisis and "returning" to Europe. And if so, the necessity of political culture, ethics of business and civil society institutes becomes an axiom. Since 1990 the Moldovan business has already accumulated experience of egoistical development. There appeared a segment of stably working companies and enterprises within the national economy – not only in banking or services, but in industry, agro-business, construction, transportation and telecommunications as well.

The next step is required – towards social responsibility of the business and its self-organization into stable institutionalized forms, such as associations of socially responsible business, academies of business culture, clubs of corporate sponsors in Europe, or Federal center of the business' social responsibility in Russia.

The UN initiative gives the Moldovan business an opportunity to become aware of its public calling, leave the limits of cynical ethics of the "period of the initial accumulation of capital" and, thus, raise the European image of Moldova, help it "create a business environment corresponding to the society's needs". And it is one of the most important indicators of the country's readiness to cooperate with the united Europe.

From Partnership and Cooperation Agreement to Action Plan

by Galina Şelari

The New Neighbourhood Policy identified by the European Commission within the concept of the "Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours" (March 2003) and described in more detail in the European Neighbourhood Policy: Strategy Paper (May 2004) provides for the interests of both the EU and its new neighbours. There is an aspiration to mitigate possible negative effects of enlargement for neighbouring countries and to eliminate the perception of the creation of a "European Fortress". Additionally there is a desire to form around the enlarged European Union a 'circle of well-managed countries'. Neighbouring countries have been asked to cooperate with the EU on the basis of an agreed Action Plan. The implementation of such an Action Plan must prove that the country is able to collaborate with the EU and can demonstrate concrete progress in reform and management.

Up until the Action Plan, the relationship between Moldova and the EU was based upon the Partnership and Cooperation Agreement (PCA). The economic component of the PCA was based on the establishment and extension of four economic freedoms, the movement of goods, services, capital and people. Implementation of the PCA arguably served as an underpinning for the new Action Plan that according to the communiqué issued by the European Commission allows for a more complete integration of the countries in the region into all market structures, even if, at present, their membership in the EU is not being considered[1].

The experience in the implementation of the PCA between Moldova and the EU since 1998 affords the following summary.

- The PCA played a positive role as the *first working document*, which set a formal relationship between the EU and Moldova;
- It demonstrated its *effectiveness,* in the alignment of national legislation to EU norms, facilitated access for goods and services to the European market, strengthened Moldova's judicial system and customs and became the basis for the accession of Moldova to the Stabilisation Pact for South-Eastern Countries;
- The volume of *foreign direct investment* into Moldova's economy at the end of 2004 was about $1 billion, including 40% from EU countries. The areas of European investment are telecommunications (France Telecom), textiles (Germany - Steilmann, and other Italian and Belgian companies), tanning industry (Esastampa, Italy), construction materials (Lafarge, France and Knauf, Germany), sugar (Südsucker, Germany), oil products (Mabanaft, Germany), electricity (Union Fenosa, Spain), and equipment for the service sector.
- Monitoring of PCA was carried out by means of a dialogue between the parties within the three institutions: *Cooperation Council,* acting at the level of government; *Cooperation Committee and its Sub-Committees*, including the representatives of state structures of EC

and Moldova, and *Parliamentary Cooperation Committee* formed by members of the European and Moldovan Parliaments.

Nevertheless, Moldovan EU relations, particularly in the economic sphere remain small and continue to evolve slowly. The PCA, in comparison with European agreements with Central and Eastern European countries, had no clear country orientation. Similar agreements in 1994 were signed with all the CIS countries (except Tajikistan). Despite the substantial differences between the countries (political, economic and geographic) each PCA included a standard set of goals and mechanisms for implementation. The PCA did not envisage, even in the distant future, full EU membership. Therefore it did not set any priorities in terms of reforms to be implemented, or the terms, consequences and the quality of implementation. This meant that implementation came down to the desire and ability of the country itself to implement thoughtfully and coherently the philosophy of the agreement into its political and economic practice. The main attention (both political and economic) of the European Union was directed to those countries that were potential members. For Moldova this has proved negative because even though its development was no less important than the candidate countries, it has tended to be put into the shadow by the EU. In many respects even today the relationship between Moldova and the International Monetary Fund and the World Bank are still the main criteria in the assessment of on-going transformation, technical assistance and financial aid.

At present, PCA implementation is carried out in five priority directions: i) harmonization of legislation, ii) customs and cross-border cooperation, iii) fight against crime, iv) study of approaches to the cooperation between the parties within the free trade area, and v) investment

Let us consider the two areas that are of vital importance for Moldova – trade and investment.

The agreement contains an important statement on the possibility to deepen further relationships between Moldova and the EU, and with Europe as a whole, by means of the creation of a free trade area (FTA). Since 2002 it has been one of the priorities for PCA implementation. The creation of a free trade area between Moldova and the EU should be a crucial step in integration towards Europe. It is obvious, that at every stage of liberalization the situation in the specific sectors of the Moldovan economy and their readiness for free trade should be taken into account[2].

The Study on the Economic Feasibility of an EU-Moldova Free Trade Area carried out in 1999 upon the request of the European Commission, identified that due to the existing legal, administrative and economic conditions, Moldova could not obtain advantages from the creation of a free trade agreement. Since then the situation has not changed significantly. However, the European Commission, in its communiqué on the Wider Europe policy, noted that "for Moldova, which does not currently possess the competitive strength or administrative capacity to take on reciprocal obligations of an FTA, the EU is ready to consider developing new initiatives to grant better market access, in line with WTO obligations."[3]

For Moldova it is supposed that the implementation of free trade agreements with countries that are members of the Stability Pact (the first bilateral agreement was signed with Bosnia and Herzegovina in December 2002, but the last one – with Bulgaria in May 2004) should become a “school” for successful integration into the European market. For the time being, unfortunately, it is not always possible to use effectively the advantages of free trade areas. For example, Moldova’s agreement with Romania that was signed back in 1994 has not led to genuinely free trade.

Now that EU enlargement is a reality, Moldova’s economic and technical instruments still do not correspond either to European requirements, or to WTO norms. In order to keep existing export markets in Europe and to diversify external trade it is necessary to develop more actively export-oriented sectors. For Moldova, full participation in regional free trade areas created within the framework of Stability Pact is also important.

The provision of sustainable economic growth is not possible without the attraction into the country of a substantial volume of foreign investment. It is obvious, that the creation of a favourable investment climate is mostly a domestic concern. However, taking into consideration its importance, it is also the priority of the EU-Moldova PCA implementation.

While the overall value of foreign direct investment has been increasing gradually – from US$ 102 million in 2001 to US$ 123 million in 2004 - Moldova still has one of the lowest rates of investment per capita standing at around US$ 50.

The World Investment Report for 2004, prepared by the UN Conference on Trade and Development (UNCTAD) used the share of foreign direct investment in the growth of fixed capital formation as one of the indicators of the effectiveness of state policy in attracting foreign capital. In the countries of Central and South Eastern Europe this figure is about 25% and for Moldova it is more than 40%. However, this "leading" position reflects a very low GDP per capita level and the small size of the internal market.

Two other indicators are used in the UNCTAD Report. These are the Inward FDI Performance Index (the ratio of a country’s share in global foreign direct investment flows to its share in global GDP) and Inward FDI Potential Index (based largely on the structural economic factors – the rate of growth of GDP, per capita GDP, share of exports in GDP, telephone lines per 1000 inhabitants, commercial energy use per capita, share of research and development expenditures in gross national income, share of tertiary students in the population and country risk). These indicators allow one to abstract the size of the internal market (Inward FDI Performance Index) and to rate countries based on their potential in the field of attracting foreign direct investments (Inward FDI Potential Index).

According to the Inward FDI Performance Index, Moldova is included in the group of countries with a high index value. This means that the country attracted more foreign direct investment than could be expected relative to GDP. According to the Inward FDI Potential Index the situation is, unfortunately, different. If for the period 1992-1994 the value of the index was 0.233 (40-th place among 140 countries), in 2000-2002 the value of the index considerably decreased and constituted only 0.129 (110-th place for Moldova, respectively).

Moldova was among the “front-runners” countries in 1992-1994, but in 2000-2002 the country is referred to the group of the “above potential economies”, which means that in order to attract foreign direct investment further structural economic transformations reform is required. Foreign investment is attracted to countries that pursue reform, and the presence of foreign investors is itself a spur to further reform.

An assessment of the results of the reform effort is published by the European Bank for Reconstruction and Development (EBRD) each year[4]. Compared to the other countries of the region (neighbours and main trade partners) reform in Moldova is slower and not always consistent. This complicates the accession to the European single market and worsens the country's investment image.

With regard to Moldova's possible European integration, it is necessary to foresee the price that will be necessary to pay for this, and in particular, not only within the process of a preparatory period, but also after full EU membership. In the EU-15 countries prices are nearly the same. At the same time, only the introduction of higher excise duties on oil products, which is subject to strict control, leads to an increase in prices for transportation or public utilities. Besides, along with the introduction of a single European currency, as the experience of the EU-12 countries suggests, prices go up by 20-25%.

Therefore, during the elaboration of the national programme for implementation of the Moldova EU Action Plan (targets and terms of their achievement - intentions and possibilities) it is possible and necessary to address the experience of EU countries. In the nineteen fifties the founding fathers of the European Community appealed for a small steps strategy rather than a grand design. Such an approach can lay the foundation for Moldova's European integration strategy. Only the broad involvement of a lively, interested, including financially solvent, "player" will make the approaching really meaningful. It is important that there is social support. In particular, it is crucial that most of the population is involved in the process of democratic and structural reforms and the creation of a state based upon the rule of law. The movement towards European integration will become more intensive only when all its participants – government, business and civil society are ready for integration and are aspiring towards it.

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[1] Communication from the Commission to the Council and the European Parliament «Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours», COM(2003) 104 final
[2] Partnership and Cooperation Agreement. Article. 4
[3] Communication from the Commission to the Council and the European Parliament «Wider Europe – Neighbourhood: A New Framework for Relations with our Eastern and Southern Neighbours», COM(2003) 104 final
[4] http://www.ebrd.com/pubs/tr/index.htm